

Par.1. Material **Transmitted and Purpose** – Transmitted with this Manual Letter are changes to Service Chapter 400-29 – Basic Care Program Policy.

Par. 2. **Effective Date** – This manual letter is effective for the benefit month of November 1, 2011. **Note:** A notice must be sent immediately to ongoing cases that have IIM monies requesting verification. Individuals must be informed that this information must be received by October 31, 2011 or their case will be closed. If the information is received, we must redetermine payment beginning with November.

Par. 3 Items listed are changes in policy. **Policy Changes** This section includes new policy that is effective for the benefit month of November 2011.

Income (BCAP) 400-29-60

Deleted: Words “Basic Care considers Individual Indian Monies (IIM) income the same as Medicaid and disregards.”

Added: New policy section to replace deleted section.

Income is the gain or benefit, earned or unearned, derived from labor, business, capital or property that is received or is available to the individual.

Earned income is defined as income earned through the receipt of wages, salaries, commissions, or profit from activities in which an individual is engaged through employment or self-employment. Earned income must entail personal involvement and effort on the part of the applicant or recipient. The household must verify all income.

Unearned income is income not gained by current labor, service, or skill. The types of unearned income include but are not limited to Social Security benefits (Social Security Income (SSI), Social Security Disability benefits, Social Security Survivors benefits), Veterans benefits, private pensions, Workman’s Compensation, rental income, and dividends. Interest income from liquid assets will be disregarded.

All income under the Basic Care Assistance program must be counted.

NOTE: This policy differs from Medicaid which states, “The following types of income must be disregarded in determining Medicaid eligibility: Interest or dividend income from liquid assets;” Refer to Medicaid policy – 510-05-85-30, Disregarded Income.

Deemed income actually received is considered countable unearned income.

~~Basic Care considers Individual Indian Monies (IIM) income the same as Medicaid and disregards.~~

When there is an SSA or SSI overpayment deducted from the SSI or SSA benefit, follow Medicaid policy Section 510-05-85-05 Income Considerations, "Income that is withheld because of garnishment or to pay a debt or other legal obligation is still considered available. Title II and SSI overpayments being deducted from Title II benefits are normally considered to be available because the applicant or recipient can pursue a waiver of the overpayment. Only if the waiver has been denied after a good faith effort, can the Title II or SSI overpayment deductions be considered unavailable. Occasionally other delinquent debts owed to the federal government may be collected from an individual's Title II benefits. These other reductions of Title II benefits are NOT allowed to reduce the countable benefit amount. The award amount of the Title II benefit is counted as available."

VA – Aid and Attendance payment follows Medicaid policy, Section Unearned Income 510-05-85-15, "Veteran's Administration aid and attendance, Veteran's Administration reimbursements for unusual medical expenses, and Veteran's Administration homebound benefits intended for medical expenses is not considered as income the month it is received. These payments are considered to be medical payments which must be applied towards the recipient's medical cost.

VA – Improved Pension, Medicaid allows the individual to keep \$90. Basic Care Assistance, the Improved Pension is counted as income but the resident can only retain the maximum of \$85 for personal needs per state law.

The policy that Basic Care will follow is below:

Individual Indian Monies (IIM) - Income received from Individual Indian trust or restricted lands will be counted as income. This includes leases on individually owned or restricted Indian lands. The income generally comes from interests in lands allotted to individual Indians many years ago. Income to individual Indians generated by these interests are likely to be small because many of the original interests are allotted lands which have been fractionalized due to the inheritance of multiple heirs over several generations. Incomes included in the accounts are payments from range unit leasing, farm leases, oil leases, oil rental, gravel pit contract, sales, royalties etc.

The Omnibus Budget Reconciliation Act of 1993 provides that up to \$2,000 per year of this income must be disregarded. Funds in the IIM accounts that do not have a specific exclusion must be counted for Basic Care. Other moneys deposited in the accounts,

such as inheritances, VA, SSA, SSI, gaming profits, etc. are not part of the \$2,000 exclusion.

Beginning January 1, 2003, client statement is an accepted verification of the amount in an IIM account unless one of the following applies:

1. The amount is more than \$2000 for the year;
2. The client statement information is questionable; or
3. The IIM account includes countable income such as inheritance, bonuses, and other income that is not derived from leases, trust, or restricted land.

Verification Options

There are three options by which verification may be obtained:

1. Request for verification of IIM account information using form SFN 413, Individual Indian Monies Account. This form will need to be notarized per requirements of the United States Department of the Interior, Office of the Special Trustee for American Indians, Office of Trust Funds Management. These releases are valid for one (1) year and must be renewed annually.
2. Individuals with IIM accounts receive statements from the Office of Trust Funds Management on a quarterly basis. A copy of this form may be requested from the recipient. However, the recipient will not receive the statement if the Office of Trust Funds Management does not have a current address.
3. The individual may obtain a statement of their IIM account directly from the Office of Trust Funds Management through the Bureau of Indian Affairs (BIA) by requesting the information in person or by making a telephone request. In both cases, the individual will need to know their account number and provide at least two forms of identification.

At the time of application, verification of the deposits into the IIM account for the 12 month period prior to the month of application must be obtained. Deposits such as inheritances, VA, SSA, SSI, gaming profits, etc. must be deducted and the remaining amount divided by 12 to determine the monthly countable income for the next 12 months.

New Source Income

When new source income is deposited into an individual's IIM account, the countable amount for Basic Care will be determined as follows:

Verification of the IIM account must be obtained for the most recent FULL 12 month period through one of the three options identified above. Once verification of the IIM account is received, any deposits that will not be counted as IIM income will be subtracted (inheritances, VA, SSA, SSI, gaming profits, etc.). The most current month's

countable new source income (or an average if received for multiple months) will be multiplied by 12 and added to all countable deposits for the 12-month period (excluding the new source income deposited into the IIM account). The \$2000 disregard will be subtracted and the remaining balance divided by 12 to determine the monthly countable unearned income.

Example #1: In 02/2009, the Eligibility Worker learns that the individual began receiving a new source income in 02/2009 through their IIM account. The Eligibility Worker will request verification of the IIM account for the period of 02/01/2008 thru 02/28/2009 (the most recent FULL 12 month period, plus the current month of 02/2009) to capture the amount of the new source income.

Reviewing the ledger, the Eligibility Worker would determine which income is countable. The new source income deposited in February was \$850. Multiplying \$850 by 12 equals \$10,200. The countable income, not including the new source income, for the FULL 12 month period (02/01/2008 thru 01/31/2009) totals \$1,500. The total of income to be considered for the 12 month period is \$11,700 (\$10,200 plus \$1,500). After deducting the \$2000 disregarded amount from \$11,700, \$9,700 must be annualized and the monthly amount of \$808.33 counted as unearned income.

Example #2: A new application is received in 07/2009 and the Eligibility Worker requests verification of the IIM account for the period of 07/01/2008 thru 06/30/2009, the most recent FULL 12 month period.

Reviewing the ledger, the Eligibility Worker determines a new source income began to be deposited in 04/2009. The Eligibility Worker would first determine which income is countable. The new source income deposited in April was \$850, in May was \$790 and in June was \$825. The three months of the new source income would be totaled and divided by 3 and the average would be projected for a 12 month period (\$2,465 divided by 3 equals \$821.67). Multiplying \$821.67 by 12 equals \$9,860.04. The countable, not including the new source income, for the 12 month period totals \$87.29. The total of income to be considered for the 12 month period is \$9,947.33 (\$9860.04 plus \$87.29). After deducting the \$2000 disregard from \$9,947.33, \$7,947.33 must be annualized and the monthly amount of \$662.28 counted as unearned income.

Once a determination of the countable income has been made, Basic Care must begin counting the income when received and budgeted consistent with the individual's budget methodology.